

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 CIAE-00 COME-00 DODE-00
DOTE-00 FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06
OES-06 SS-15 L-03 H-01 PA-01 USIA-06 /074 W
----- 105544 /22

R 130317Z DEC 76
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 5471
INFO AMCONSUL HONG KONG
AMEMBASSY JAKARTA
AMEMBASSY LONDON
AMEMBASSY MOSCOW
USLO PEKING
AMEMBASSY SINGAPORE
AMEMBASSY TOKYO

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E.O. 11652: N/A
TAGS: EWWT, MY, UR, CH, XG
SUBJECT: MALAYSIAN ATTEMPTS NEGOTIATE RUBBER SHIPMENTS ON NON-
FEFC SHIPS

REF: KUALA LUMPUR 6969

1. LOCAL PRESS HAS BEGUN REPORTING ON CURRENT ACTION BEING
TAKEN BY GOM THROUGH MALAYSIAN RUBBER EXPORTERS IN THEIR
MEETINGS WITH FAR EASTERN FREIGHT CONFERENCE OFFICIALS. HAJI
ABU BAKAR PAWANCHEE, CHAIRMAN OF THE FREIGHT COMMITTEE OF
THE RUBBER INDUSTRY OF MALAYSIA (FCRIM) REITERATED MALAYSIA'S
DETERMINATION THAT IT WOULD USE RUSSIAN, CHINESE, NON-CONFERENCE
SHIPS AS WELL AS CONFERENCE LINES TO SHIP RUBBER AND LATEX TO
EUROPE. THE MALAYSIANS HAVE EXPRESSED THE VIEW THAT MALAYSIA
SHOULD NOT BE SUBJECT TO ANY MONOPTITIC PRAIIEN, WHETHER IT

BE THE FAR EASTERN FREIGHT CONFERENCE (FEFC), THE SOVIETS OR ANY
CONSORTIUM OF LINES.

2. THE RUBBER FREIGHT COMMITTEE APPEARS TO BE GAINING GROUND IN
DIVERSIFYING ITS SHIPPING BASE. IT IS HAVING NEW DISCUSSIONS
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WITH RUSSIAN SHIPOWNERS ON CONTRACT SHIPMENT DURING WEEK OF

DECEMBER 6. IN ADDITION, IT HAS ALSO RECEIVED INDICATIONS FROM THE CHINESE THAT THEY ARE INTERESTED IN CONTRACT SHIPPING.

3. THE CURRENT TALKS BETWEEN FCRIM AND FEFC OFFICIALS ARE CURRENTLY DEADLOCKED, PRIMARILY BECAUSE THE TWO GROUPS DISAGREE ON THE TOTAL TONNAGE FIGURES AND ON WHAT BASIS THE PERCENTAGES WILL BE BASED, E.G., THE MALAYSIANS MAINTAIN THAT MALAYSIAN RUBBER SHIPPED THROUGH SINGAPORE SHOULD NOT BE INCLUDED IN AN AGREEMENT FIGURE. THE FCRIM STATES THEY WILL CONTINUE TO GIVE 64 PERCENT OF TOTAL RUBBER EXPORTS TO FEFC AND THE FEFC STATES THEY WANT NOT LESS THAN 80 PERCENT. AN ADDITIONAL BONE OF CONTENTION BETWEEN THE TWO GROUPS IS THE PROPOSED ESTABLISHMENT OF A MALAYSIAN FREIGHT BOOKING CENTER (MFBC) WHICH THE FEFC FEELS AS UNNECESSARY BECAUSE IT INTERFERES WITH THE ESTABLISHED RELATIONSHIPS BETWEEN THE SHIPPER AND THE SHIPOWNER. THE FCRIM WANTS THE CENTER SO THAT IT CAN CONTROL ACTIVITIES OF RUBBER SHIPPERS, SOME OF WHOM BOOK SPACE ON TWO OR THREE SHIPS SIMULTANEOUSLY TO AVOID SPACE SHORTAGE. THIS, IN TURN, DEPRIVES ANOTHER SHIPPER OF SPACE. BASIC TO THE WHOLE DISAGREEMENT IS THE CLAIM THAT THE FEFC PRICES ARE TOO HIGH.

4. IN A SEPARATE CONVERSATION WITH EMBOFF, AMERICAN INDUSTRY SOURCE STATED THAT UNDER MFBC, PLAN WAS TO SHIP APPROXIMATELY 65 PERCENT OF MALAYSIAN RUBBER EXPORTS TO EUROPE ON FEFC BOTTOMS, 3 PERCENT ON CHINESE BOTTOMS, 27 PERCENT ON SOVIET BOTTOMS AND THE REMAINING 5 PERCENT ON UNSPECIFIED BOTTOMS. GOM SEEKING FEFC AGREEMENT TO REMOVE RUBBER FROM GENERAL CARGO CATEGORY AND HANDLE IT AS A SEPARATE ITEM WITH MORE FAVORABLE RATES.

5. UNANSWERED QUESTIONS INCLUDE A) WILL IT BE MANDATORY FOR RUBBER TO GO THROUGH THE PROPOSED FREIGHT BOOKING CENTER, WHEN ESTABLISHED AND B) IS THIS PRECURSORS OF SIMILAR SYSTEMS FOR OTHER BASIC COMMODITIES.
UNDERHILL

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